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Item 6 of the provisional agenda

PROGRESS REPORT ON THE IMPLEMENTATION OF AGREED CONCLUSIONS AND RECOMMENDATIONS OF THE COMMISSION

Executive summary

In accordance with paragraph 24 of the guidelines on the efficiency and functioning of the UNCTAD intergovernmental machinery, adopted by the Trade and Development Board at its sixteenth executive session (decision 446 (EX-16) of 16 February 1998), the secretariat presents herewith a progress report on the implementation of agreed conclusions and recommendations addressed to the UNCTAD secretariat at the third session of the Commission.

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Agenda item 3: Ways and means of enhancing the utilization of trade preferences by developing countries, in particular LDCs, as well as further ways of expanding preferences

1. *"UNCTAD should continue to analyse the importance of GSP schemes and other trade preferences, on the basis of quantified and statistically supported evidence. It should identify the real benefits obtained from trade preferences."* [para. 15]

2. **Action:** A study on the utilization of the schemes under the Generalized System of Preferences (GSP) has been prepared. The preparation of the study and the analyses of benefits derived from trade preferences required the updating of the UNCTAD GSP database with the most recent data made available by preference-giving countries. This involved substantial efforts in verifying the data and formating them according to the layout needed for reporting on utilization. The latest GSP data are available for the following preference-giving countries: Canada, the European Community, Japan, Norway, Switzerland and the United States of America. The establishment, maintenance and updating of this database are a precondition for carrying out analytical work and field activities on GSP. The cooperation of the preference-giving countries listed above in providing the most recent data is highly appreciated. It is hoped that other preference-giving countries will also soon provide their latest GSP data.

3. *"UNCTAD should continue to provide technical cooperation to preference-receiving countries, particularly LDCs and certain developing countries with structurally weak and vulnerable economies, with a view to increasing the utilization of trade preferences. Such technical cooperation should aim to enable these countries to hold workshops, carry out information activities and train their exporters themselves."* [para. 16]

4. **Action:** During the period under review, the secretariat has been able to organize only a limited number of seminars, mainly because of a lack of financial resources for GSP technical assistance and because of the need for additional staff. There was also a need to prioritize the use of staff resources, with the emphasis on revising and updating all GSP handbooks, which are the backbone of field activities. Almost all handbooks on GSP schemes have been revised and updated (see annex) and have been distributed to GSP focal points and Geneva-based delegations. Additional work has been carried out to build up the capacity at the national levels to train exporters through the establishment of the GSP website, as described below.

5. *"Owing to their administrative constraints, LDCs require direct technical assistance aimed at enhancing their human resource capacities for the more effective utilization of GSP preferences. This would need to include fortifying the existing GSP focal points or assisting in their establishment, and the provision of training materials."* [para. 17]

6. **Action:** The secretariat has developed a series of tutorials in the form of computerized presentations (in "Powerpoint") which are available on the Internet and will be distributed to LDCs' focal points on diskette and CD-ROM in the course of 1999. This material, together with the handbooks and information on GSP utilization rates at country level, constitute a comprehensive package designed to serve as basic training material for conducting domestic workshops.

7. *"UNCTAD should explore how new information technologies could be used to render technical cooperation in the areas of GSP and other trade preferences more effective. Many GSP information services and, to some extent, advisory services could be provided rapidly and cost-effectively to end-users in developing countries centrally from Geneva through communication channels such as the Internet and e-mail."* [para. 18]

8. **Action:** The GSP handbooks on the schemes of Canada, the European Community, New Zealand and Switzerland are available on the Internet at the following address:

http://www.unctad.org/en/techcop/trad0103.htm

While the current website is being updated with the new publications, a new GSP website is under preparation and will be available by mid-September 1999. It will contain: frequently asked questions on GSP; downloadable Powerpoint presentations on the GSP schemes and rules of origin to be used for training purposes by the GSP focal points; all handbooks on the GSP schemes and related database; the handbook on GSP rules of origin; and a searchable database on GSP product coverage containing Most-favoured-nation and GSP rates. In the near future, the full GSP utilization database will be put on-line for consultation by focal points.

9. *"In conducting its future analysis and technical cooperation related to preferences, the UNCTAD secretariat should continue to ensure its complementarity and added-value with respect to other work in this area."* [para. 19]

10. **Action:** The analysis and technical cooperation activities conducted by the secretariat are highly complementary, including with other related work. This is ensured through the continuous exchange of information and experiences among staff. The staff carrying out analytical work and those conducting technical cooperation activities interact on a daily basis, and both liaise continuously with GSP officials in preference-giving and preference-receiving countries.

Agenda item 4: Scope for expanding exports of developing countries in specific services sectors through all GATS modes of supply, taking into account their interrelationship, the role of information technology and of new business practices

(a) Prepare jointly with WTO an assessment of the impact on developing countries of liberalization under GATS;

Action: Following consultations with the secretariat of the World Trade Organization (WTO), it was decided that the UNCTAD secretariat would await the background document on the assessment by the WTO secretariat of the particular interests of developing countries, particularly those related to the objectives of article IV of the General Agreement on Trade in Services (GATS), as stipulated in article XIX.2. The UNCTAD secretariat provided the WTO secretariat with a summary of its findings on the development of service sectors in developing countries as a contribution to the assessment exercise in the WTO Council for Trade in Services, and is prepared to provide further elements and findings from its ongoing work to complement the work already undertaken by the WTO secretariat. The sectoral work undertaken by UNCTAD contains a wealth of sector-specific data and analysis which are directly relevant to the objectives of increasing the participation of developing countries and of formulating guidelines for a future round of negotiations on services. The States members of WTO have not yet agreed that work on a joint assessment should be undertaken by the two secretariats; accordingly, the UNCTAD secretariat's summary of findings, mentioned above, will be made available to the Commission as background document UNCTAD/ITCD/TSB/7.

(b) Undertake a systematic analysis to identify possible opportunities for expanding trade, so as to facilitate the preparation of requests in the GATS negotiations;

Action: The secretariat has carried out analytical work to identify possible export opportunities in six sectors in which developing countries have a revealed or potential comparative advantage, particularly through the movement of natural persons, namely: professional and business services such as computer and office services; health services; tourism; construction; audiovisual services; and transport. The main findings of this work are contained in TD/B/COM.1/28, prepared under agenda item 4 of the current session of the Commission. The secretariat has also prepared background materials to assist developing countries in identifying possible issues for their positive agenda for trade in services and to facilitate the preparation of their requests in the future round of negotiations on services.

(c) Analyse recent developments in trade and competition issues in service sectors;

Action: The analysis is contained in a study of recent developments in the air travel and tourist sectors of interest to developing countries. The study maps out the market structures and anti-competitive practices that appear in the air transport and tourist sectors, by focusing first on the distribution mechanisms used in the tourist sector, and [illegible]

in which the adverse effects of the anti-competitive practice are felt. The study also concludes that developing countries are not at present able to cope with anti-competitive practices without the active cooperation of developed countries competition authorities. The study will be published soon.

Competition policy issues in the service sector have been addressedin recent meetings. At its second session, held from 7 to 9 June 1999, the Intergovernmental Group of Experts on Competition Law and Policy recommended that the Fourth United Nations Conference to Review All Aspects of the Set of Multilaterally Agreed Equitable Principles and Rules for the Control of Restrictive Business Practices, to be held in September 2000, *should* consider, *inter alia*, competition policy issues in telecommunications and competition policy and its implications for regulatory and legislative reforms. The Third Joint WTO/UNCTAD/World Bank Symposium on Competition Policy and the Multilateral Trading System, held on 17 April 1999, devoted one of its sessions to competition policy and recent developments in the service sector.

(d) Continue work on the MAST (Measures Affecting Service Trade) database with a view to supporting countries which wish to implement it to strengthen their negotiating capacity, and evaluate its functioning with a particular focus on the utilization of recent developments in the field of informationtechnology.

Action: The MAST is being implemented as a means of promoting transparency among trading partners in the area of services. It is designed to allow userfriendly access for negotiators, policy makers, business persons and academics to legal information on measures applied to services as defined by GATS. The information is structured according to: (i) the country that applies the measure; (ii) the servicesector or subsector affected by the measures as defined by GATS and the Central Product Classification; (iii) the mode of supply affected; and (iv) the kind of measures used in connection with article VI, on domestic regulations, article XVI, on market access, ad article XVII, on national treatment. At present, the database is available in CD-ROM format, with a set of Windows applications. Downloading from the UNCTAD websitewill be possible by the end of 1999.

(e) Assist developing countries, especially LDCs, as a follow-up activity of the High-level Meeting on Integrated Initiatives for Least DevelopedCountries' Trade Development, in improving their supply capacity in the area of trade in services through, inter alia, human resource development, institutionalcapacity-building, access to relevant new technologies and setting up adequatelegislation.

Action: A number of LDCs are included among the CAPAS participants in its current

WTO Ministerial Conference, UNCTAD organized a high-level workshop for LDCs which dealt with the GATS negotiations. The regional project for Africa carried out by the United Nations Development Programme (UNDP), in which UNCTAD participates, will be dealing with trade in services.

(f) Continue work on the Coordinated African Programme of Assistance in Services (CAPAS) and extend it to other interested African countries;

Action: CAPAS was launched by UNCTAD in 1992 with the objective of strengthening the capacity of participating countries to formulate policies for the development of their service capacity as an instrument for development and trade. Over 20 African countries have benefited from this programme, which is currently in its third phase. Phase II, which involved studies of national financial and basic telecommunications sectors, was concluded at a meeting held in Mauritius in December 1998. Current activities involve preparations for three subregional meetings in late 1999, at which each participating country will present at least one study on a national service sector. A wide range of services will be covered, including air, land and maritime transport, tourism, audiovisual services, health, energy and environmental services, business services and electronic commerce. Work will also involve integrating participating countries into the MAST database, and examining the decision-making process in selected countries in formulating negotiating positions on trade in services. These seminars and the follow-up work are expected to assist the CAPAS countries to participate more effectively in the negotiations on trade in services and to better coordinate their position at the subregional level. As support to CAPAS from the traditional sources of funds is diminishing, efforts are being made to obtain support from other donors, including UNDP.

(g) Take part in an international conference in Tunisia, organized by the World Tourism Organization, to consider ways and means of improving the relationship between developing countries' tourism service suppliers and travel agents from consumer countries in order to achieve a sustainable tourist industry;

Action: The UNCTAD secretariat collaborated with the Tunisian authorities and the World Tourism Organization in organizing the conference and took part in it. The conference made it possible to initiate a dialogue amongst participating experts with a view to proposing concrete solutions to the main problems that arise in sharing the benefits arising from international commercial transactions in tourism. Furthermore, participants in the conference considered that the current and future international trade agenda, such as the upcoming negotiations on trade in services, was of crucial importance for the partnership between the public and private sectors in both originating and host [illegible]

(h) Prepare, in cooperation with WTO, a list of economic needs tests in the schedules of specific commitments under GATS and propose ways and means to introduce a greater degree of transparency and predictability in the application of such tests;

Action: A list of economic needs tests will be made available to the Commission as background document UNCTAD/ITCD/TSB/8.

ANNEX

List of GSP publications, 1998/99

GSP handbooks (year of publication)	Languages	Document symbol
Handbook on the scheme of Switzerland (1998)	English only	UNCTAD/ITCD/TSB/Misc.28
Handbook on the scheme of Norway (1998)	English only	UNCTAD/ITCD/TSB/Misc.29
Handbook on the scheme of Japan (1999)	English French Russian	UNCTAD/ITCD/TSB/Misc.42
Handbook on the scheme of the U.S.A. (1999)*	English only	UNCTAD/TAP/163/Rev.13
Handbook on the scheme of Canada (1998)	Arabic English French Russian Spanish	UNCTAD/TAP/247/Rev.3
Digest of GSP Rules of Origin (1998)	Arabic Chinese English Russian	UNCTAD/TAP/133/Rev.7
Handbook on the scheme of New Zealand (1999)	English only	UNCTAD/ITCD/TSB/Misc.48
Handbook on the scheme of the Slovak Republic (1999)	English only	UNCTAD/ITCD/TSB/Misc.50
Handbook on the scheme of Poland (1999)	English only	UNCTAD/ITCD/TSB/Misc.51
Handbook on the scheme of the European Communities (1999)	Arabic English Spanish	UNCTAD/ITCD/TSB/Misc.25/Rev.1

* Since the GSP scheme of the United States was due to expire on 30 June 1999, this is a preliminary document. A revised edition will be published as soon as the scheme is renewed.